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Women-owned Enterprises in Canada

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Women-owned Enterprises in Canada

by Douwre Grekou, Jiang Li and Huju Liu

This article in the *Economic Insights* series presents new estimates for women-owned and men-owned enterprises in Canada. It uses a unique employer–employee matched database developed using administrative data that covers both business owners and their businesses. A private enterprise is defined as women-owned if women have a majority interest (at least 51%) in the enterprise. From 2005 to 2013, the number of women-owned enterprises grew from about 233,000 to 309,000. However, the number of women-owned enterprises remained a fraction of the number of men-owned enterprises.

Introduction

Business ownership has long been argued to be an important driver for innovation, job creation and productivity growth (Knight 1921; Schumpeter 1942). However, a considerable gender difference still exists in business ownership. In Canada, women-owned small and medium enterprises (SMEs) are underrepresented in the SME population. According to the 2014 Survey on Financing and Growth of Small and Medium Enterprises (SFGSME), only 15.7% of SMEs were owned by women, while 64.6% were owned by men. Women-owned enterprises also lag male-owned enterprises in business performance such as sales, profits and employment (Fairlie and Robb 2009; Coleman and Robb 2012; Industry Canada 2015; Rosa and Sylla 2016).

Promoting women's business ownership and improving the performance of women-owned enterprises would foster gender equality in leadership and the economic empowerment of women. Such initiatives have been adopted by many countries to promote stronger, better and fairer growth (Adema et al. 2014). However, evidence on business ownership by gender is scarce because of the lack of comprehensive data (Adema et al. 2014). Statistics on self-employment by gender are most commonly used but shed little light on businesses owned. In Canada, statistics on businesses by gender are collected by the SFGSME, an occasional, cross-sectional survey of SMEs.¹

This paper fills this data gap by providing new estimates for women-owned business, using the Canadian Employer–Employee Dynamics Database (CEEDD), a matched database developed using administrative data sources.² Unlike the SFGSME, which focuses on SMEs in certain industries, the Business Owner Module of the CEEDD covers all unincorporated businesses and private corporations in Canada. This module is a key component of the CEEDD that contains information

on both owners and their businesses from 2005 to 2013. Both business owners and their owned businesses can also be tracked over time. The longitudinal nature of the data makes it possible to conduct comprehensive studies on the growth and survival of women-owned businesses.

In this article, a business or enterprise is defined as women-owned if women have at least 51% share in the ownership of the business. Similarly, a business or enterprise is men-owned if men have at least 51%. A business can also be equally owned, if the share owned by men is identical to that owned by women, that is, 50%.³

In the remainder of the article, business ownership by gender is presented at the national level, by province or territory, by industry and by business employment size.⁴ To keep the article concise, both the number of enterprises and employment are presented at the national level, while only the number of enterprises is provided for the rest of the categories.

The number of women-owned enterprises was much smaller, but their growth was stronger

The number of women-owned enterprises was a fraction of that of men-owned enterprises, but the growth of women-owned enterprises was stronger than that of men-owned enterprises in both business counts and employment.

Over the 2005-to-2013 period, an average of over 1 million enterprises were owned by men in Canada (Table 1), accounting for about 67% of all the private enterprises to which a gender structure of ownership can be assigned (Chart 1). Over the same period, the associated employment (a headcount of employees who received T4 Statement of Remuneration Paid slips) in these men-owned enterprises was on average

1. The SFGSME has been conducted in 2000, 2001, 2004, 2007, 2011 and 2014. Surveyed firms must have fewer than 500 employees and operate in industries with a North American Industry Classification System (NAICS) code other than 22, 52, 55, 61, 91, 5321, 5324, 6214, 6215, 6219, 6221, 6222, 6223 and 6242.

2. Please refer to Grekou, Li and Liu (2018) for details on the data description and methodology.

3. The same definition was adopted for the SFGSME and for the Survey of Business Owners and Self-Employed Persons, which is conducted by the U.S. Census Bureau every five years (United States Census Bureau, n.d.).

4. The results reported hereinafter are based upon a benchmark scenario wherein only private businesses with a clearly defined gender structure of ownership are included. A clearly defined gender structure requires that either 100% of share or gender dominance (a gender owning at least 51%) can be determined. Publicly traded corporations are not included either. See Subsection 3.3 in Grekou, Li and Liu (2018) for details.



Table 1
Private enterprises and employment in private enterprises, by ownership gender, 2005 to 2013

	Men-owned private enterprises		Women-owned private enterprises		Equally owned private enterprises	
	Number of enterprises	Total employment	Number of enterprises	Total employment	Number of enterprises	Total employment
2005	906,400	3,960,700	232,800	828,700	197,300	657,300
2006	945,600	4,035,100	244,200	882,200	207,300	680,700
2007	987,100	4,120,700	257,800	909,500	218,300	699,400
2008	1,018,700	4,171,100	270,600	918,900	227,900	717,000
2009	1,034,500	4,082,500	280,900	919,300	233,000	712,700
2010	1,055,200	4,156,900	290,000	945,300	238,800	721,600
2011	1,066,400	4,183,200	296,800	963,800	247,400	722,800
2012	1,055,800	4,177,400	295,800	966,500	249,700	726,600
2013	1,104,700	4,256,500	308,700	997,900	260,500	738,800
Period average	1,019,400	4,127,100	275,300	928,700	231,100	708,600

Source: Statistics Canada, Canadian Employer–Employee Dynamics Database (CEEDD).

about 4.1 million, accounting for 73% of employment in the private enterprises where the gender structure of ownership can be identified. In contrast, the number of women-owned enterprises was 275,300 (Table 1), accounting for 18%, and the associated employment was 828,700, accounting for 15% (Chart 1). Over the same period, men and women had an equal stake in ownership in an average of 231,100 enterprises. This category accounts for another 15% of private enterprises and 13% of employment.

Women-owned enterprises experienced the fastest growth over the period from 2005 to 2013. The number of women-owned enterprises increased to over 300,000 in 2013, from 232,800 in 2005 (Table 1), or by 33% (Panel A of Chart 2). The employment in women-owned enterprises increased by 20% to nearly 900,000 in 2013. Equally owned enterprises experienced a similar growth in business count (32%) but a slower growth in employment (12%). By contrast, men-owned enterprises grew the least, 22% for business counts and 8% for employment.

Women-owned enterprises were also the least affected by the most recent financial crisis. From 2008 to 2009, the decline in employment was smaller and subsequent growth higher for women-owned enterprises than for men-owned enterprises (Panel B of Chart 2).

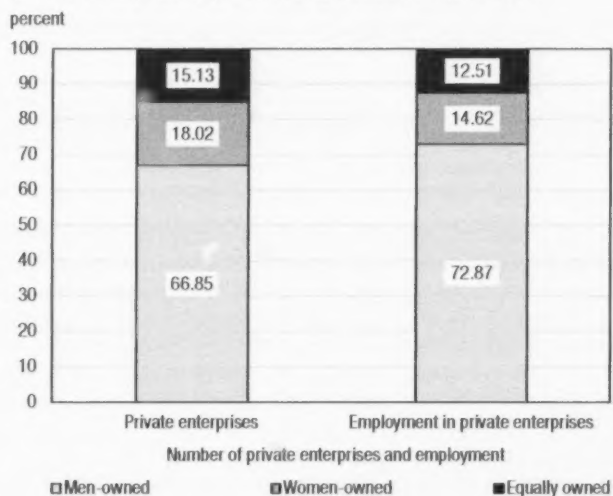
Women-owned and equally owned enterprises were more prevalent in Western Canada, and across Canada, their numbers increased faster

The dominance of men-owned enterprises observed at the national level is widespread across provinces and territories. The share of men-owned enterprises was highest in Quebec at 76% and lowest in British Columbia at 61% (Chart 3). The eastern provinces, including Newfoundland and Labrador, Nova Scotia, Prince Edward Island, New Brunswick, and Quebec, all had shares of men-owned enterprises that were higher than the national average. The remaining provinces and the territories had shares that were lower than or similar to the national average.

Provinces where the share of women-owned enterprises was higher than the national average include Newfoundland and Labrador, Ontario, and British Columbia, as well as the three territories (Chart 3). The shares of equally owned enterprises were higher in the western provinces, including Manitoba, Saskatchewan, Alberta and British Columbia, and in the three territories.

Women-owned and equally owned enterprises grew faster than men-owned enterprises across the provinces and territories (Chart 4). This relative growth is defined by the change in the ratios of women-owned or equally owned enterprises to men-owned enterprises. An increase or decrease over time in this ratio implies that women-owned or equally owned enterprises grew faster or slower than men-owned enterprises. As shown in Chart 4, the ratios of women-owned or equally

Chart 1
Average share of private enterprises and employment in private enterprises, by ownership gender, 2005 to 2013



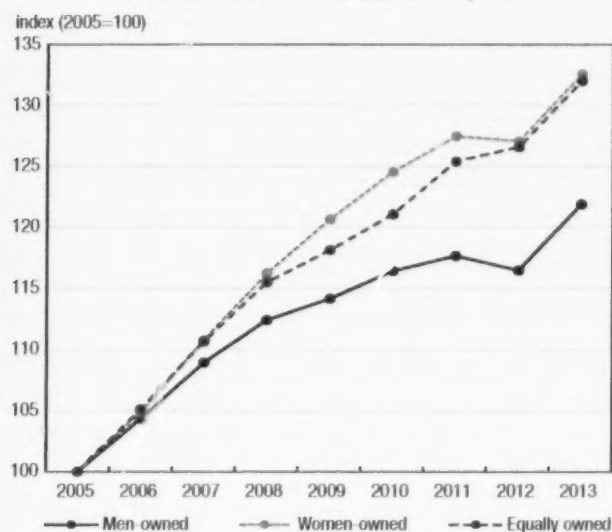
Source: Statistics Canada, Canadian Employer–Employee Dynamics Database (CEEDD).



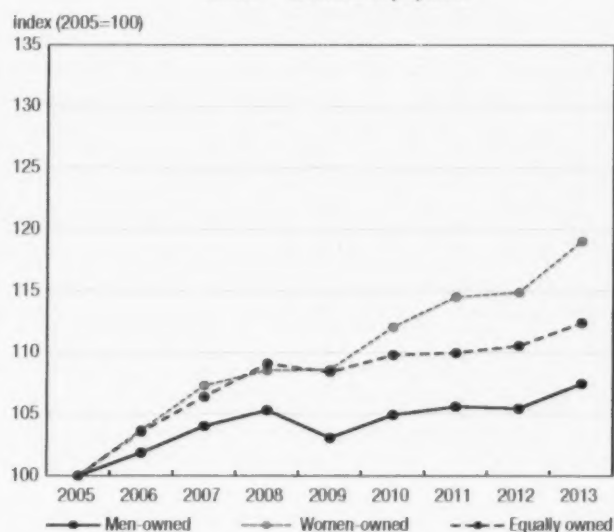
Chart 2

Growth in the number of private enterprises and in employment in private enterprises, by ownership gender, 2005 to 2013

Panel A — Growth in the number of enterprises



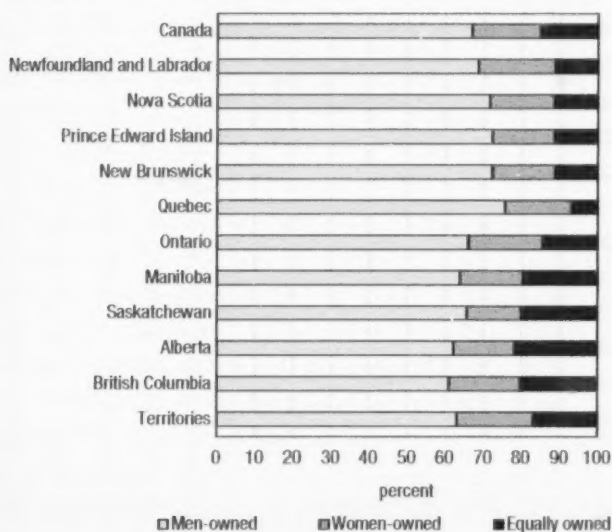
Panel B — Growth in employment



Source: Statistics Canada, Canadian Employer–Employee Dynamics Database (CEEDD).

Chart 3

Average share of private enterprises by ownership gender and geographic area, 2005 to 2013

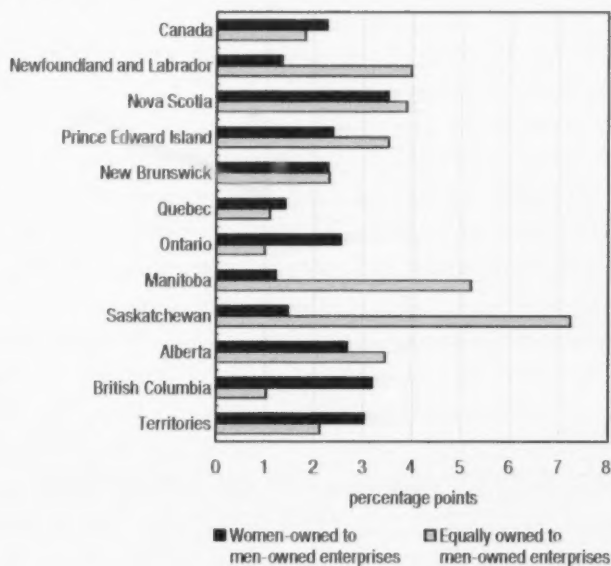


Source: Statistics Canada, Canadian Employer–Employee Dynamics Database (CEEDD).

owned enterprises to men-owned enterprises increased in all the provinces and territories from 2005 to 2013. This contributed to the faster growth of women-owned and equally owned enterprises relative to men-owned enterprises at the national level (Panel A of Chart 2).

Chart 4

Changes in the ratios of women-owned to men-owned enterprises and equally owned to men-owned enterprises, by geographic area, 2005 to 2013



Note: The ratio is equal to the number of women-owned or equally owned enterprises divided by that of men-owned enterprises. The changes are the ratios in 2013 minus those in 2005.

Source: Statistics Canada, Canadian Employer–Employee Dynamics Database (CEEDD).

The fastest growth of women-owned enterprises relative to men-owned enterprises is observed in Nova Scotia, British Columbia and the territories. The ratios of women-owned enterprises to men-owned enterprises increased the most in these provinces and in the territories. The slowest growth of women-owned enterprises relative to men-owned enterprises is observed in Manitoba, where the increase in the ratio was the smallest. In comparison, the ratio of equally owned enterprises to men-owned enterprises increased the most in Saskatchewan and Manitoba and the least in Ontario, Quebec and British Columbia. The increase in the ratio of equally owned enterprises to men-owned enterprises was larger than that in the ratio of women-owned enterprises to men-owned enterprises in most provinces except Quebec, Ontario and British Columbia, and in the territories. The growth of both women-owned enterprises and equally owned enterprises relative to men-owned enterprises (the sum of the two ratios) was the largest in Saskatchewan and the smallest in Quebec.

Women-owned enterprises were more prevalent in service industries, while men-owned enterprises were more prevalent in goods-producing industries

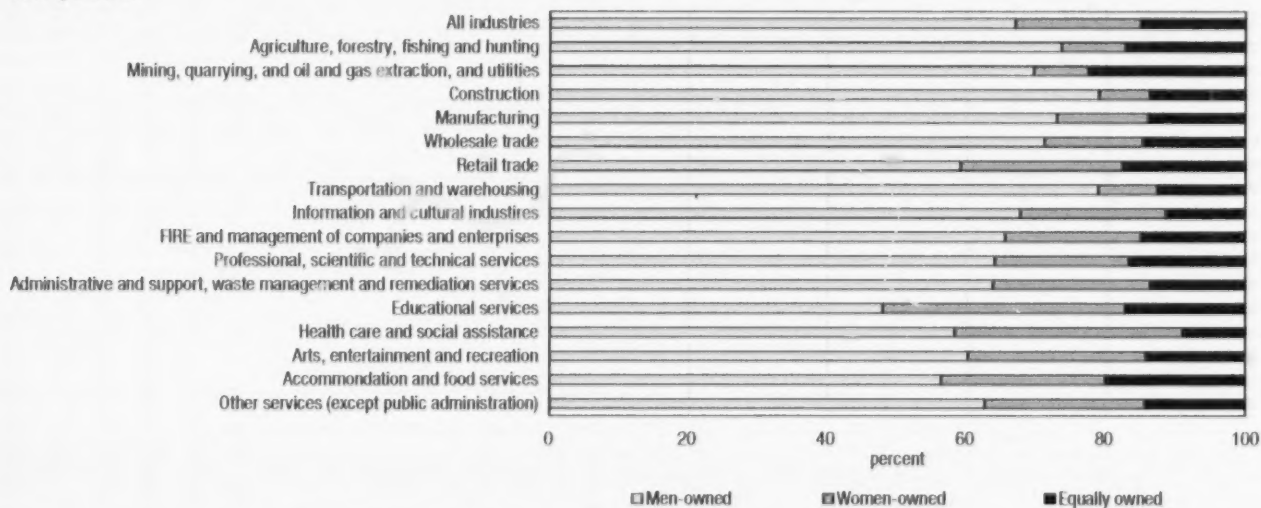
The dominance of men-owned enterprises was most pronounced—with the share of men-owned enterprises above the

national average—in traditionally male-dominated industries such as goods-producing industries (e.g., agriculture, forestry, fishing and hunting; mining, quarrying, and oil and gas extraction, and utilities; and manufacturing), the construction industry, the transportation and warehousing industry, and the wholesale trade industry (Chart 5). Over the period from 2005 to 2013, the highest share (about 79%) of men-owned enterprises is observed in both the construction and the transportation and warehousing industries. However, men-owned enterprises are less dominant in service industries in general. They are the least prevalent in the educational services industry, where their share of private enterprises is less than 50%.

The opposite is found for women-owned enterprises. They are more prevalent in most service industries, including educational services; health care and social assistance; and arts, entertainment and recreation. They are less prevalent in goods-producing industries (Chart 5). The average share of women-owned enterprises is the highest (35%) in the educational services industry and the lowest (about 7%) in the construction industry.⁵ The prevalence of women-owned enterprises in most service industries likely contributed to the smaller adverse impact of the most recent financial crisis on women-owned enterprises shown in Chart 2. Service industries were less affected by the crisis than goods-producing industries.⁶

Chart 5
Average share of private enterprises by ownership gender and industry, 2005 to 2013

Industry and total



Note: FIRE denotes the North American Industry Classification System industries "finance and insurance" and "real estate and rental and leasing."

Source: Statistics Canada, Canadian Employer–Employee Dynamics Database (CEEDD).

5. In particular, within the child day-care services industry (NAICS 6244), women-owned enterprises accounted for over 77% of enterprises on average over the period from 2005 to 2013. This was also the industry in the United States with the highest women's ownership share (McManus 2017).

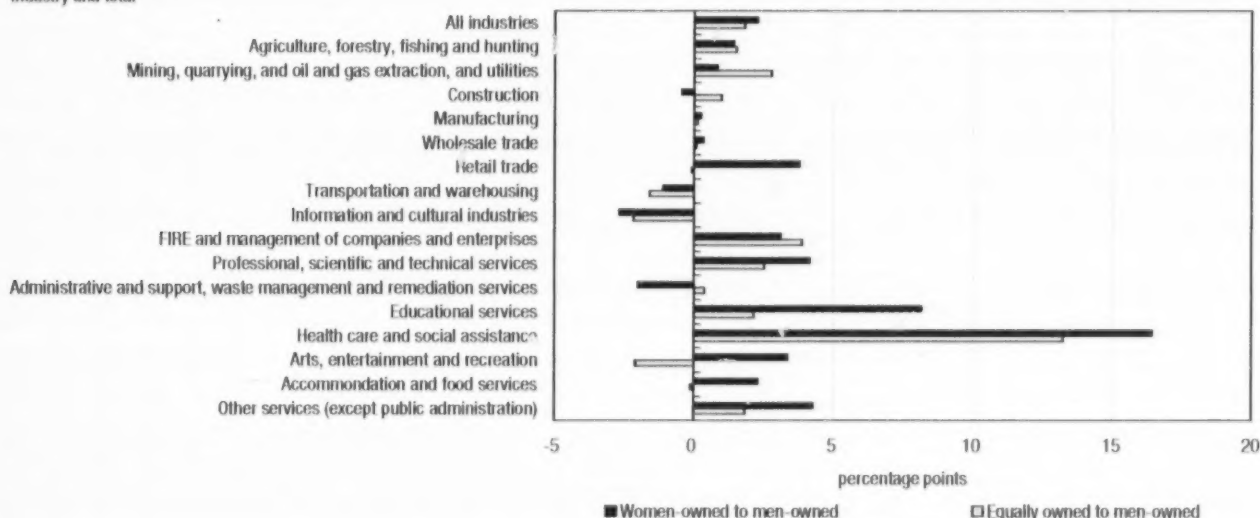
6. From 2008 to 2009, the gross domestic product of service industries grew by 1.1%, while that of goods-producing industries declined by 19.1% (Statistics Canada, n.d.b).



Chart 6

Changes in the ratios of women-owned to men-owned enterprises and equally owned to men-owned enterprises, by industry, 2005 to 2013

Industry and total



Note: FIRE denotes the North American Industry Classification System industries "finance and insurance" and "real estate and rental and leasing."

The ratio is equal to the number of women-owned or equally owned enterprises divided by that of men-owned enterprises. The changes are the ratios in 2013 minus those in 2005.

Source: Statistics Canada, Canadian Employer-Employee Dynamics Database (CEEDD).

Equally owned enterprises are more spread out across industries. The highest shares were found in the mining, quarrying, and oil and gas extraction, and utilities industry (23%), and in the accommodation and food services industry (20%). The lowest share was in health care and social assistance (9%). A similar story is found in the United States, where the agriculture, forestry, fishing and hunting industry and the accommodation and food services industry have the highest shares of equally owned enterprises and the health care and social assistance industry the lowest (McManus 2017). Most equally owned enterprises are family businesses (Segal 2015).

The higher share of equally owned enterprises in the aggregated industry 21-22 (mining, quarrying, and oil and gas extraction, and utilities in Chart 5) and in the agriculture, forestry, fishing and hunting industry likely contributed to the relatively higher representation of these enterprises in the western provinces (Chart 3), where these two industries were relatively larger.⁷

Relative to men-owned enterprises, women-owned and equally owned enterprises generally grew faster across the majority of industries (Chart 6). The health care and social assistance industry experienced the largest increase for both women-owned enterprises (16.4 percentage points) and equally owned enterprises (13.2 percentage points).

In a few exceptions, women-owned and equally owned enterprises experienced weaker growth than men-owned

enterprises. Specifically, women-owned enterprises grew more slowly in two service industries (i.e., information and cultural industries; and administrative and support, waste management and remediation services) and two traditionally male-dominated industries (i.e., construction, and transportation and warehousing). For equally owned enterprises, slower growth relative to men-owned enterprises was found in the transportation and warehousing industry; information and cultural industries; and the arts, entertainment and recreation industry. Although women-owned enterprises experienced faster growth, relative to men-owned enterprises, than equally owned enterprises at the national level, the opposite was found in industries such as agriculture, forestry, fishing and hunting; mining, quarrying, and oil and gas extraction, and utilities; construction; and finance and insurance, real estate and rental and leasing, and management of companies and enterprises (Chart 6).

Women-owned enterprises were more prevalent among enterprises with fewer employees, and their growth was stronger among smaller enterprises

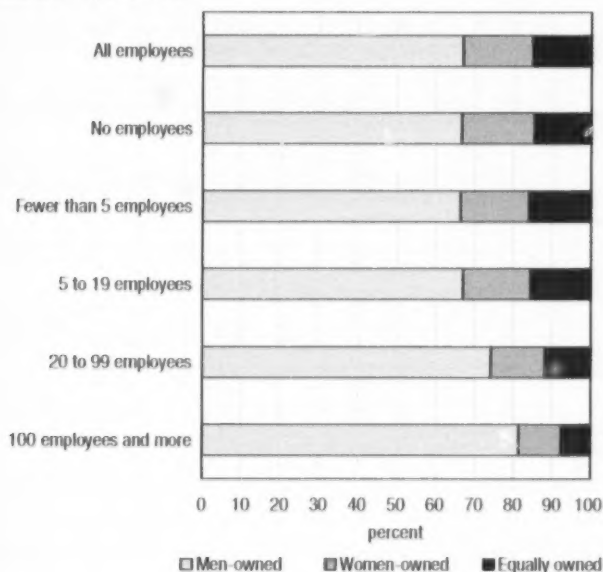
Men-owned enterprises dominated all size categories, especially the larger category. Men-owned enterprises accounted for 66% to 67% of private enterprises with fewer than 20 employees. The share of men-owned enterprises increased to 74% for

7. Over the period from 2005 to 2013, these two industries accounted for 20% to 40% of the gross domestic product of Saskatchewan and Alberta (Statistics Canada, n.d.a).



Chart 7
Average share of private enterprises by ownership gender and size, 2005 to 2013

Size of enterprise and total



Source: Statistics Canada, Canadian Employer–Employee Dynamics Database (CEEDD).

enterprises with more than 20 but fewer than 100 employees and to 81% for enterprises with 100 employees and more.

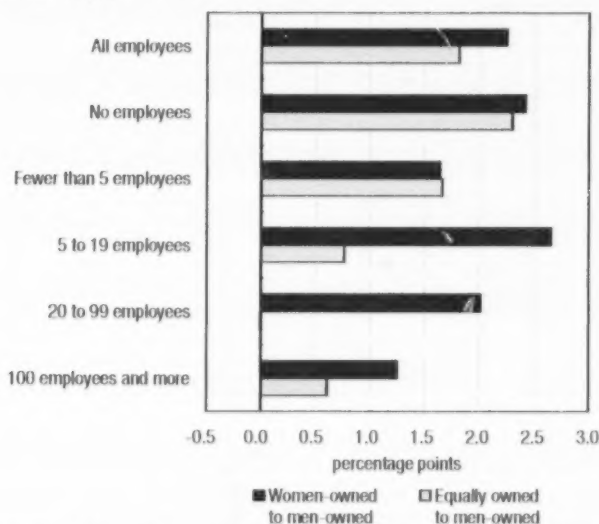
By contrast, women-owned enterprises were more prevalent among smaller enterprises. Women-owned enterprises accounted for 17% to 19% of enterprises with fewer than 20 employees, 14% of enterprises with more than 20 but fewer than 100 employees, and 11% of enterprises with 100 employees and more.

The growth of women-owned and equally owned enterprises was stronger relative to that of men-owned enterprises in almost all size categories (Chart 8). The relative growth of women-owned and equally owned enterprises was stronger among smaller enterprises than larger ones. The relative growth was strongest in enterprises with 5 to 19 employees for women-owned enterprises (2.7 percentage points) and in enterprises with 0 employees for equally owned enterprises (2.3 percentage points). Combined, the relative growth of women-owned and equally owned enterprises was strongest among enterprises with 0 employees and weakest among enterprises with 100 employees and more.

Over the period from 2005 to 2013, over 51% of all women-owned enterprises were non-employers. Another 46% of women-owned enterprises employed fewer than 20 employees, accounting for

Chart 8
Changes in the ratios of women-owned to men-owned enterprises and equally owned to men-owned enterprises, by ownership gender and size, 2005 to 2013

Size of enterprise and total



Note: The ratio is equal to the number of women-owned or equally owned enterprises divided by that of men-owned enterprises. The changes are the ratios in 2013 minus those in 2005.

Source: Statistics Canada, Canadian Employer–Employee Dynamics Database (CEEDD).

57% of all employment by women-owned enterprises.⁸ The high representation of women-owned enterprises among smaller enterprises and the higher growth of women-owned enterprises relative to men-owned enterprises, as shown in Chart 8, clearly contributed to an overall faster growth in women-owned enterprises and associated employment than in men-owned enterprises (Chart 2).

Conclusion

The lack of data remains an obstacle to understanding women's entrepreneurship and women-owned businesses. To fill the data gap, this article uses a unique Canadian matched employer–employee administrative database and provides first-of-its-kind evidence on women-owned enterprises in Canada, by province, industry and employment size category.

Over the period from 2005 to 2013, women-owned enterprises remained underrepresented in the Canadian economy, especially in the eastern provinces, in goods-producing industries and among larger enterprises. However, women-owned enterprises experienced faster growth relative to men-owned enterprises over the same period in all provinces and territories, in most service industries, and among smaller enterprises.

8. See Subsection 4.1 in Grekou, Li and Liu (2018) for more results.



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